

TEACHERS' RETIREMENT BOARD
SUBCOMMITTEE ON CORPORATE GOVERNANCE

SUBJECT: Approval of Minutes of the February 2, 2000
Subcommittee on Corporate Governance, Open Session

ITEM NUMBER: 3

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: March 8, 2000

INFORMATION: _____

PRESENTER(S): Chairperson

Proposed minutes of the Subcommittee on Corporate Governance meeting held in open session February 2, 2000 are submitted on the following pages.

**PROPOSED
MINUTES OF THE
SUBCOMMITTEE ON CORPORATE GOVERNANCE
OF THE
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
FEBRUARY 2, 2000
OPEN SESSION
ROBYN D. MILLER BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA**

SUBCOMMITTEE MEMBERS PRESENT

Phil Angelides, State Treasurer, Chairperson
Yvonne Gallegos Bodle
George Fenimore
Lillian Raffel
Emma Zink
Kathleen Connell, State Controller
Curt Robinson, representing State Superintendent
of Public Instruction, Delaine Eastin
Robert Miyashiro, representing State Director of Finance
Tim Gage

OTHER BOARD MEMBERS AND REPRESENTATIVES PRESENT

Gary Lynes
Marty Mathiesen
Michael Foulkes
Jennifer DuCray Morrill
Chris Drevalas
Anne Stausboll

STAFF PRESENT

James Mosman, Chief Executive Officer
Patrick Mitchell, Chief Investment Officer
Elleen Okada, Director of Investment Admin. and External Relations
Chris Waddell, Chief Counsel
Doug Wills, Staff Counsel
Cathy Neff, Staff Counsel
Janice Hester Amey, Principal Investment Officer
Mary Ann Avansino, Administrative Assistant

OTHERS PRESENT

Allan Emkin, Pension Consulting Alliance
Kenneth Bertsch, TIAA-CREF
Richard Koppes Jones, Day, Reavis & Pogue
Suzanne Harvey, Institutional Shareholder Services
John Perez, UTLA
Al Reyes, UTLA
Dorothy Moser, UTLA

Paul Knepprath, American Lung Association of California
Beverly Carlson, CTA
Bill Collins, CTA
George Wichman, CTA
Edna White, CRTA
Ellen Logue, CRTA/NEA
Donald Douglas, CRTA/NEA
Carla Din, The Rose Foundation
Scott Adams, USWA
Mary Wells, Council for Responsible Public Investment

A quorum being present, Chairperson Angelides called the open session meeting at 8:45 a.m.

- I. **ANNOUNCEMENTS** (Item 2)
There were no announcements.

- II. **APPROVAL OF MINUTES OF THE JANUARY 5, 2000 SUBCOMMITTEE ON CORPORATE GOVERNANCE, OPEN SESSION** (Item 3)
MOTION duly made by Mr. Robinson, seconded by Ms. Raffel and carried to approve the minutes of the January 5, 2000 Subcommittee on Corporate Governance, Open Session as presented.

- III. **PANEL DISCUSSION – SCOPE OF CORPORATE GOVERNANCE ACTIVITIES** (Item 4)
Mr. Mitchell introduced the panel. Mr. Bertsch discussed the scope of corporate governance activities at TIAA-CREF. Mr. Koppes discussed corporate governance activities and the impact on shareholder value. Ms. Harvey discussed options being taken by funds regarding the tobacco issue, such as, divestiture or moratorium on new investments, voting in favor of constructive shareholder proposals, meeting with corporate management on an informal basis to discuss issues, or taking no action, “weathering the storm”. She reviewed other social issues currently being addressed; among these are the environment, defense, human rights, genetic engineering of foods, alcohol, and firearms. Discussion ensued.

Dr. Connell arrived at the meeting at 9:20 a.m. replacing Mr. Foulkes.

Mr. Reyes representing UTLA stated for the record that UTLA has adopted a position recommending CalSTRS to immediately commence divestment of a pro-rata share of CalSTRS tobacco company holdings.

- IV. **CORPORATE GOVERNANCE PIPELINE REPORT** (Item 5)
Mr. Mitchell presented the written report.

- V. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC** (Item 6)
There were no further statements from the public.

- VI. **MOVE TO CLOSED SESSION**
Chairperson Angelides recessed the meeting and reconvened into closed session at 10:26 a.m.

- VII. **ADJOURNMENT**

Chairperson Angelides announced that while in closed session the Subcommittee discussed workplan issues. There being no further business to conduct, the meeting was adjourned at 10:30 a.m.

James D. Mosman, Chief Executive Officer and Secretary to the
Teachers' Retirement Board

Phil Angelides, Chairperson